

# Chapter 1— What is redevelopment?

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Redevelopment is a process specifically authorized under California law to assist local governments in revitalizing their communities. Redevelopment encourages new development, creates jobs and generates tax revenues in declining urbanized areas by developing partnerships between local governments and private entities. Over 400 California cities and counties have adopted local redevelopment plans.



## Why is redevelopment important to California's future?

California continues to grow in both jobs and population. While this growth provides tremendous opportunities for our citizens and businesses, it also provides many challenges. California is one of the most beautiful states in America. Our state is famous worldwide for its beautiful scenery, abundant croplands, cultural diversity and environmental richness. However, if growth is not properly directed, California will not make the most productive use of our natural and human resources.

California cannot afford to let urbanized areas decline while new development sprawls outward into undeveloped areas. This pattern of growth drains our economy and tax base, strains our infrastructure and does not allow all of our citizens to fully participate in a growing economy.

Redevelopment enables communities to grow inward, not just outward. Redevelopment enhances and expands local businesses, renovates declining housing stock and improves public infrastructure systems and facilities. Redevelopment helps encourage new housing and businesses to locate within already developed areas. It helps reduce crime and long commutes, promotes affordable housing, and preserves the environment.

## What can redevelopment do for my community?

Redevelopment can help your community implement a revitalization effort for your downtown, neighborhood or industrial areas. Redevelopment plans are locally created and adopted so they can respond to your community's unique needs and vision.

Redevelopment plans have helped communities such as yours to:

- ◆ Attract new jobs and businesses;
- ◆ Create more affordable housing;
- ◆ Stimulate private reinvestment in local neighborhoods and businesses;
- ◆ Reduce crime;
- ◆ Stimulate development of downtown improvement programs;
- ◆ Stimulate private investment and help rehabilitate homes and businesses;
- ◆ Build or improve roads, utilities and public facilities;
- ◆ Revitalize waterfronts and surplus military bases;
- ◆ Preserve open space;
- ◆ Transform hazardous waste sites (called brownfields) into productive uses;
- ◆ Create, adopt and/or implement specific plans; and
- ◆ Initiate and fund comprehensive planning efforts.

Another one of the benefits of redevelopment being a locally driven activity is the opportunity for communities to participate in preservation of their local historic homes and buildings.

## How can my community begin to redevelop itself?

The first step in the redevelopment process is the formation of a redevelopment agency. The elected body of your community, the city council or board of supervisors, may establish a redevelopment agency under the California Community Redevelopment Law (CRL).

## What is a redevelopment agency?

A redevelopment agency is a separate public body that reports to the local governing body of a community, and either the city council or county board of supervisors. The CRL provides that any county or city can establish a redevelopment agency by the action of its governing body. In all but a few agencies in California, the local governing body also serves as the redevelopment agency board. In a handful of cities and counties, the redevelopment agency is a separate body comprised of members appointed by elected officials.

In either instance, the local governing body and the redevelopment agency are two separate, distinct legal entities. And, the redevelopment agency assigns its own staff and advisors to carry out its day-to-day operations as well as to help formulate and implement redevelopment plans.

The benefit of this system is that the redevelopment agency is ultimately responsible to the voting public through the elected governing body that oversees the agency.

## Is the redevelopment agency another layer of government?

No. An agency has been vested by the California legislature with unique powers to enhance a community's revitalization efforts. Also, while the agency is legally a separate unit of local government, the elected officials of the community's governing body typically serve as the redevelopment agency board members.

Redevelopment agencies are established by elected officials with the specific goal of revitalizing deteriorated areas. Once that goal is met, they can be dissolved.

## What laws govern redevelopment agencies?

The California Community Redevelopment Law, contained in the California Health and Safety Code beginning with Section 33000 et seq., provides the authority and implementation provisions for a redevelopment program.

California voters adopted Article XVI, Section 16 of the California Constitution in 1952, providing for tax increment financing. Tax increment financing is the key mechanism for implementing the purposes of the California Community Redevelopment Law. Refer to Chapter 7 for more information on tax increment financing.

## How can my community qualify for a redevelopment program?

The CRL specifically describes when and how redevelopment may be used in a community. Redevelopment can only be used in areas that suffer from adverse physical and economic conditions, defined in the law as “blight.”

The following types of adverse physical and economic conditions have been observed in redevelopment areas to be examples of blight.

### Adverse Physical Conditions

- ◆ Unsafe building conditions;
- ◆ Aging, deteriorating, and poorly-maintained buildings, sometimes interspersed with well-maintained buildings;
- ◆ Incompatible adjacent or nearby uses of land parcels that hinder economic activity;
- ◆ Adverse physical factors, such as susceptibility to flooding and earthquakes, that demand significant improvements to buildings in order that they be safe for occupancy;
- ◆ Small and irregularly shaped lots under multiple ownership that are vacant or underutilized;

- ◆ Outdated and inefficient building configuration and design that does not meet current business needs;
- ◆ Unsafe access into buildings or parking lots; and
- ◆ Inadequate and obsolete infrastructure, (i.e. utilities, storm drainage, sewers, street lighting, and confusing and inefficient street systems).

### Adverse Economic Conditions

- ◆ High business vacancies, low commercial leases and high turnover rates;
- ◆ Vacant and underutilized land or buildings;
- ◆ Depreciated or stagnant property values and other evidence of disinvestment;
- ◆ Hazardous waste and other negative environmental conditions;
- ◆ High incidences of criminal activity, sometimes equated with an over-concentration of bars, liquor stores or adult stores;
- ◆ Lack of neighborhood businesses to serve residents, such as banks, pharmacies or grocery stores; and
- ◆ Residential overcrowding.

## If my community qualifies for redevelopment, how much area would be included?

The redevelopment agency must determine how much area will be included in a redevelopment project area. This determination is done in three stages. First the local governing body adopts a “survey area” that is evaluated to see how much of the area qualifies for redevelopment. Next, the planning commission defines the “project area” where redevelopment activities would be focused. Finally, the redevelopment agency and the local governing body must hold several public hearings about the project to formally adopt the project area.

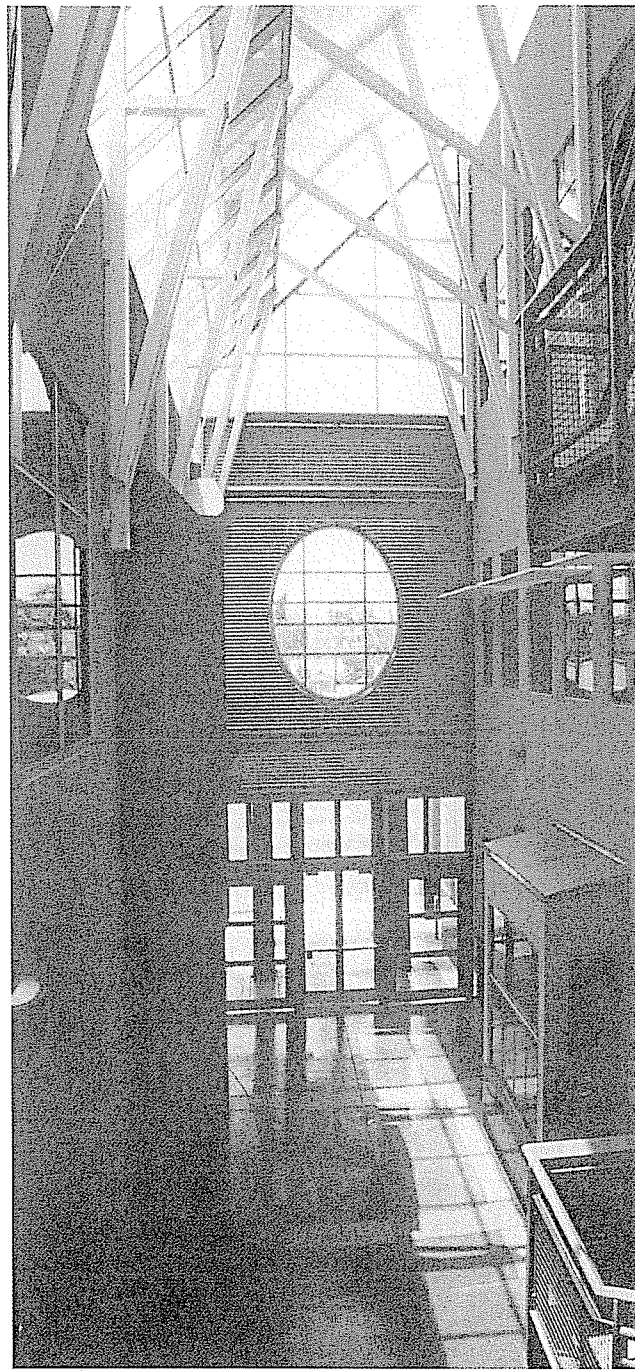
## **If my community adopts a redevelopment program that includes my home or business, does that mean my home or business is “blighted”?**

No. Blight is a legal term used solely for the purposes of determining whether your community can qualify for redevelopment. The redevelopment agency and the local governing body must make a finding that the area suffers from adverse economic and physical conditions, defined in the law as blight.

Some areas that qualify for redevelopment often have well-maintained homes or businesses interspersed among deteriorating structures. An area must be more than 50 percent blighted to qualify as a project area.

## **What is a redevelopment plan?**

If your community qualifies for redevelopment, the redevelopment agency must adopt a redevelopment plan to govern its activities. The redevelopment plan provides a legal framework for planning and implementing revitalization activities in a redevelopment project area. It also can establish a unique financing method, called tax increment financing, to fund these initiatives. Redevelopment plans are covered more specifically in Chapter 4.



***The Vic Fazio Workforce Development Center in Sacramento, California. See page 32 for the story on this project.***